

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name <b>Brownfield Redevelopment Authority</b>	County <b>Calhoun</b>
Fiscal Year End <b>June 30, 2006</b>	Opinion Date <b>November 1, 2006</b>	Date Audit Report Submitted to State <b>November 21, 2006</b>	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

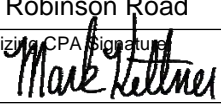
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ **Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>	Single letter for the City of Battle Creek		
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) <b>REHMANN ROBSON</b>		Telephone Number <b>517-787-6503</b>		
Street Address <b>675 Robinson Road</b>		City <b>Jackson</b>	State <b>MI</b>	Zip <b>49203</b>
Authorizing CPA Signature 		Printed Name <b>Mark T. Kettner, CPA, CGFM</b>		License Number <b>11673</b>

**BATTLE CREEK BROWNFIELD  
REDEVELOPMENT AUTHORITY**

**(A Component Unit of the  
City of Battle Creek, Michigan)**

**Battle Creek, Michigan**

**BASIC FINANCIAL STATEMENTS**

**For the Year Ended  
June 30, 2006**



**REHMANN ROBSON**

*Certified Public Accountants*

**BATTLE CREEK BROWNFIELD REDEVELOPMENT AUTHORITY**  
**(A Component Unit of the**  
**City of Battle Creek, Michigan)**

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# REHMANN ROBSON

*Certified Public Accountants*

A member of THE REHMANN GROUP



## INDEPENDENT AUDITORS' REPORT

November 1, 2006

Board of Directors  
Battle Creek Brownfield Redevelopment Authority  
City of Battle Creek, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the ***Battle Creek Brownfield Redevelopment Authority, a component unit of the City of Battle Creek, Michigan***, as of and for the year ended June 30, 2006, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the ***Battle Creek Brownfield Redevelopment Authority*** as of June 30, 2006, and the respective changes in financial position thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Authority has not presented Management's Discussion and Analysis as required supplementary information. The GASB has determined that such information is necessary to supplement, although not required to be part of, the basic financial statements.

## **BASIC FINANCIAL STATEMENTS**

# BATTLE CREEK BROWNFIELD REDEVELOPMENT AUTHORITY

## Statement of Net Assets and Governmental Fund Balance Sheet June 30, 2006

	<u>General</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Pooled cash and investments	\$ 30,420	\$ -	\$ 30,420
Interest receivable	<u>308</u>	<u>-</u>	<u>308</u>
<b>Total assets</b>	<u><u>\$ 30,728</u></u>	<u>-</u>	<u>30,728</u>
<b>Fund balances</b>			
Unreserved, undesignated	<u><u>\$ 30,728</u></u>	<u>(30,728)</u>	<u>-</u>
<b>Net assets</b>			
Unrestricted		<u><u>\$ 30,728</u></u>	<u><u>\$ 30,728</u></u>

The accompanying notes are an integral part of these financial statements.

# BATTLE CREEK BROWNFIELD REDEVELOPMENT AUTHORITY

## Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances For the Year Ended June 30, 2006

	<u>General</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Property taxes	\$ 10,513	\$ -	\$ 10,513
Interest	361	-	361
Total revenues	10,874	-	10,874
<b>Expenditures/expenses</b>			
Community development	1,750	-	1,750
Revenues over (under) expenditures	9,124	(9,124)	
Change in net assets		9,124	9,124
<b>Fund balances/net assets</b>			
Beginning of year	21,604	-	21,604
<b>End of year</b>	<u>\$ 30,728</u>	<u>\$ -</u>	<u>\$ 30,728</u>

The accompanying notes are an integral part of these financial statements.

# BATTLE CREEK BROWNFIELD REDEVELOPMENT AUTHORITY

## Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund For the Year Ended June 30, 2006

	<b>Budget (Original and Final)</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>
<b>Revenues</b>			
Property taxes	\$ -	\$ 10,513	\$ 10,513
Interest	-	361	361
Total revenues	-	10,874	10,874
<b>Expenditures</b>			
Community development	-	1,750	1,750
Net change in fund balance	-	9,124	9,124
Fund balance, beginning of year	21,604	21,604	-
<b>Fund balance, end of year</b>	<b>\$ 21,604</b>	<b>\$ 30,728</b>	<b>\$ 9,124</b>

The accompanying notes are an integral part of these financial statements.



# BATTLE CREEK BROWNFIELD REDEVELOPMENT AUTHORITY

## Notes To Basic Financial Statements

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity** – These financial statements present the activities of the Battle Creek Brownfield Redevelopment Authority (the “Authority”). The Authority was established January 20, 1998, pursuant to Public Act 381 of 1996. The primary purpose of the Authority is to revitalize environmentally contaminated properties in the City of Battle Creek. The Authority’s activities are primarily funded through tax increment financing.

The Authority is a component unit of the City of Battle Creek, Michigan (the “City”) because the City appoints the Authority’s Board of Directors, it has the ability to significantly influence the Authority’s operations, and it is financially accountable for the Authority as defined under GASB Statement No. 14, *The Financial Reporting Entity*. Accordingly, the Authority is presented as a discrete component unit in the City’s financial statements and is an integral part of that reporting entity.

**Government-wide and Fund Financial Statements** – As permitted by GASB Statement No. 34, the Authority uses an alternative approach reserved for single program governments to present combined government-wide and fund financial statements by using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column. Accordingly, this is presented in the Statement of Net Assets and Governmental Funds Balance Sheet and the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances. Major individual governmental funds are reported as separate columns in the aforementioned financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation** – The government-wide financial information is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial information is reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

# BATTLE CREEK BROWNFIELD REDEVELOPMENT AUTHORITY

## Notes To Basic Financial Statements

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Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Authority reports a single major governmental fund – the general fund. The *general fund* is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in another fund, if any.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

**Budgetary Information** – The general fund is under formal budgetary control and its budget is prepared on the same modified accrual basis used to reflect actual results. The Authority follows the City budget process in establishing the budgetary data reflected in the financial statements:

- The Authority submits a proposed budget to the City Manager. After review and approval, the City Manager submits a recommended operating budget to the City Commission. Public hearings are held to obtain taxpayer comments. The budget is legally adopted through a City Commission resolution prior to the beginning of the budgetary year for the Authority's funds.
- The budget is adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted and amended by the City Commission during the year. No budget amendments were made during the year.

Expenditures for the year were in excess of budget by \$1,750.

## 2. POOLED CASH AND INVESTMENTS

At year-end, the carrying amount of the Authority's pooled cash and investments, which were deposited entirely in the City's internal cash management pool, was \$30,420. Because it is infeasible to allocate risk to individual component units or pool participants, aggregate cash and investment categorizations are presented in the City's basic financial statements.

# **BATTLE CREEK BROWNFIELD REDEVELOPMENT AUTHORITY**

## **Notes To Basic Financial Statements**

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### **3. PROPERTY TAXES**

Property tax revenue is derived pursuant to a tax increment financing agreement between the Authority and various applicable taxing districts. Real and personal property taxes are levied and attach as an enforceable lien on properties located within the boundaries of the tax increment financing district. The City of Battle Creek bills and collects the taxes on behalf of the Authority. Delinquent taxes on ad valorem real property are purchased by Calhoun County. Property tax revenue is recognized when levied in the government-wide financial statements and in the fund financial statements to the extent that it results in current receivables.

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